

## PROJECT INFORMATION DOCUMENT (PID) APPRAISAL STAGE

Report No.: PIDA13716

<b>Project Name</b>	Gabon Skills Development Project (P146152)
<b>Region</b>	AFRICA
<b>Country</b>	Gabon
<b>Sector(s)</b>	Vocational training (100%)
<b>Theme(s)</b>	Education for all (100%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P146152
<b>Borrower(s)</b>	Gabon Skills Development Project
<b>Implementing Agency</b>	Gabon Skills Development Project
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	09-Dec-2015
<b>Date PID Approved/Disclosed</b>	09-Dec-2015
<b>Estimated Date of Appraisal Completion</b>	15-Dec-2014
<b>Estimated Date of Board Approval</b>	10-Feb-2016
<b>Appraisal Review Decision (from Decision Note)</b>	

### I. Project Context

#### Country Context

1. Gabon is one of the few African countries with middle-income status. The country is resource rich, and is the locus of extraordinary biodiversity. Gabon is well-endowed with arable land, forests, and mineral resources – including rich deposits of manganese and iron ore. Over the past 40 years, oil production has transformed the country's economy, and in 2013 gross domestic product (GDP) per capita was estimated at US\$11,571. In 2014, Gabon had an estimated population of 1.6 million, more than 80 percent of whom lived in urban areas, predominantly concentrated in the cities of Libreville (the capital), Port-Gentil (the economic capital), and Franceville (located in an important mining region). The demographic profile of Gabon is relatively young, with approximately half of the population under the age of 19.

2. GDP growth continues to be strong. Annual GDP growth was estimated at 5.1 percent in 2014. This figure was lower than the seven percent rate of growth projected in the national budget due to a year on year decline in the production of oil (-4.4 percent) and manganese (-2 percent). Non-oil related GDP growth remained positive, and is estimated at 6.2 percent. Following the introduction of measures to control the prices of basic goods, inflation is expected to remain at an estimated 2.3 percent. Strong economic performance in the non-oil sector (mining, timber

processing and construction) has resulted in an increase in the extension of credit to the economy (increasing 18.8 percent between December 2013 and December 2014) with positive implications for growth.

3. Despite declining oil production and attempts to diversify the economy, Gabon continues to remain dependent on natural resource extraction. The country is sub-Saharan Africa's (SSAs) fifth-largest oil producer and the world's second-largest exporter of manganese. The oil sector accounts for 80 percent of Gabon's exports, 45 percent of GDP, and 60 percent of the country's fiscal revenues.

4. Gabon's human development outcomes fall short of countries with similar levels of per capita income, and the level of income inequality in the country is high. Half of the share of national income accrues to the richest quintile of the population, and a third of citizens live in poverty. Gabon ranked 112th of 187 countries in the 2014 United Nations Development Program (UNDP) Human Development Index (HDI), well below countries with comparative per capita GDP. The most recent national household survey (2005), undertaken with support from the World Bank, demonstrated an increase – from 25 percent in 1997 to 33 percent in 2005 – in the proportion of Gabon's population living below the poverty line. A new poverty survey is being prepared and will go into the field in 2015/2016, with technical assistance (TA) from the World Bank.

5. Poverty rates remain high, and social outcomes are low. Despite its relative wealth, Gabon did not meet a number of Millennium Development Goals (MDGs) by the expected 2015 date. According to the latest data (2012) Gabon has made significant progress in expanding access to primary education with net enrollment increasing from 88 percent in 1990 to 96.4 in 2012.. However, challenges persist including: the poor quality of education provision; an escalating shortage of suitably qualified teachers; and limited classroom infrastructure. Moreover, basic social services, such as the provision of water and electricity, remain inaccessible to the majority of the population, particularly in rural areas. The GoG is preparing a new strategy for the Sustainable Development Goals (SDGs).

6. Widespread informal economic activity and a poorly skilled workforce undermine the potential for productive jobs to serve as a pathway out of poverty. A large proportion of economic activity in Gabon is concentrated in the informal sector, and growth in the formal sector is stunted due to the inability of employers to recruit workers with appropriate skills. While the economy grew, on average, 4.5 percent annually over the course of the last four decades, growth failed to impact a stubbornly high unemployment rate, which reached 20.4 percent in 2010. Unemployment disproportionately affects youth and women. The dominance of the capital-intensive oil industry explains, in part, weak employment creation. However, evidence suggests that a mismatch between the skills provided by the education system, and those required by the economy, is a critical factor undermining employment creation. Further constraints to job creation include rigid labor and social legislation which, in practice, protects employed workers while discouraging the recruitment of new employees. A holistic strategy to accelerate inclusive and job creating economic growth will need to address these and other regulatory constraints to labor mobility and resolve the skills mismatch perpetuated by the education system.

### **Sectoral and institutional Context**

7. Gabon has a young population, 50 percent of which is under the age of 19. Many of the

country's youth are unemployed or underemployed. According to the National Survey of Employment and Unemployment (Enquête nationale sur l'emploi et le chômage, ENEC), unemployment was estimated at 20.4 percent in 2010. Using an expanded definition of unemployment which takes into account discouraged workers, the unemployment rate was 27.6 percent. The unemployment rate increased from 16.3 percent to 20.4 percent between 2005 and 2010, and is higher in urban areas (21 percent) than in rural areas (19 percent). Unemployment is particularly high among young people, with an estimated unemployment rate of 35.7 percent among those aged 15 to 24, 25 percent unemployment for those aged 25 to 34, and 17 percent for those aged 34 to 44.

8. The mismatch between training provided and skills sought by firms is an important driver of the high unemployment rate. According to the National Office for Employment (Office National de l'Emploi, ONE) more than one-half of job offers sought applicants with technical skills while 64 percent of applicants surveyed did not possess any relevant vocational training. Due to a shortage of skilled workers in the country's domestic labor force, Gabon must regularly import workers particularly in the skills-intensive growth sectors of mining, oil, and information and communications technology (ICT). If the status quo is allowed to persist, there is a risk that other emerging sectors, such as the "green" economy, will be similarly forced to rely on foreign workers.

9. Despite improved enrollment in basic education, with increased access among girls, the quality of basic education remains low with negative implications for skills development. As described above, Gabon has made significant strides towards universal enrollment, achieving a basic education net enrollment rate of 96.4 percent in 2012 and a national literacy rate of 88 percent in 2010. However, the continued overcrowding of primary schools, high secondary school dropout rates (particularly among girls who constitute a large numbers of "school-leavers") and the poor working conditions of teachers continue to undermine educational achievement. The overall quality of the education system does not meet the needs of the labor market, leading to a structural labor shortage particularly in sectors requiring technical specialization. Gabon's technical and vocational education and training (TVET) system is characterized by: (i) high repetition rates and high dropout rates; (ii) capacity constraints that may potentially limit access moving forward; and (iii) problems associated with insufficient and inefficient budgetary allocations.

10. The TVET sector in Gabon is comprised of both technical and vocational education, each focusing on providing a different level of skills. Vocational education targets workers and technicians with lower levels of skills, while technical education provides more advanced technical training, and is intended to serve as a pathway towards further technical education and potential enrollment in advanced degrees. Vocational training is provided through 9 public vocational training centers while technical education (in which 7,000 students are enrolled) is provided through 12 public institutions for technical education (11 technical institutions and one national business school). In addition to public TVET institutions, private training institutions and centers run by private firms provide training for youth and on-the-job training for workers; however the capacity and outcomes of these programs has not been accurately measured.

11. Gabon's TVET institutions offer many types of training across a range of sectors rather than taking a sector-specific approach by institution. Currently TVET institutions deliver 43 secondary programs and 17 programs focused on tertiary sector activities. The secondary sector caters predominantly to: mechanical vehicle training (6 centers); carpentry and cabinetmaking (5 centers); industrial electricity (5 centers); and electrical and building training (4 centers). In the

tertiary sector, secretarial and accounting training is the most commonly offered course of study, and is offered in 4 centers. The Basile Ondimba Professional Training and Development Center provides the most courses of study, with a total of 23 distinct programs.

12. Currently, the TVET sub-sector faces a number of challenges:

13. Enrollment in TVET institutions is limited. Of the total number of youth enrolled in post-primary education, only eight percent are enrolled in TVET institutions. This compares unfavorably with other emerging economies where TVET enrollment rates often reach 30 to 40 percent. At the same time, the most recent data for female enrollment in TVET (2013) indicate that, of the total number of students enrolled in TVET education, females students make up approximately 37 percent of the student body in technical education and 51 percent in vocational training.

14. Technical education has sufficient capacity and accounts for 37 percent of student enrollments in the TVET sector, while vocational education is inhibited by capacity and spatial considerations. The majority of institutions are concentrated in urban areas and regional administrative centers. Each year, over 5,000 aspirant applicants apply to vocational training centers but only approximately 1700 are admitted.

15. TVET programs are not adequately linked to growth sectors in the economy and the content of training remains overly theoretical. The returns to, and performance of, the TVET system are low. It is estimated that more than 80 percent of TVET graduates from TVET are not hired in the sectors for which they have been trained. Three key factors underlying poor returns to TVET education are: (i) programs offered do not provide skills needed by the labor market in key growth sectors (forestry, wood-processing, mining, tourism, ICT, and food processing); (ii) public institutions are poorly equipped; and (iii) poorly trained staff and outdated curricula undermine the quality of training delivered to students. Current curricula place too heavy an emphasis on theoretical knowledge with limited opportunity for practical application of newly acquired knowledge and skills.

16. The private sector is not involved in the management of TVET institutions, and links between training institutions, skills development programs and industries remain weak. In Gabon, representatives of the private sector have not been involved in the development of TVET training programs and have not been adequately consulted on: the relevance of current training programs; the impact and relevance of training on skills development; shifts in the demand for skills of technical workers; and the development of educational priorities for TVET institutions. A consequence of this, and the poor returns to TVET education, has been a refusal by many private sector enterprises to pay the GoG's vocational training tax (Taxe d'Apprentissage) outlined in the Labor Code (Code du Travail).

17. Training centers operate without autonomy. Currently Gabon's TVET centers are controlled directly by the Ministry of Vocational Training and Youth Integration (Ministère de la formation professionnelle et de le l'insertion de les jeunes, MFPIJ), which retains the power to, inter alia, recruit and post staff in training centers. TVET centers do not operate as distinct legal entities, and they do not have a Board of Directors (or similar entity) to facilitate private sector participation. Public resources are rigidly allocated, inhibiting the ability of centers to recruit competent trainers and to purchase the goods and services they require for quality service delivery. Budgets are primarily allocated on the basis of previous allocations and do not take into account the

objectives and performance of training institutions. Moreover, the provision of public resources generally does not provide necessary incentives to foster innovation and improve performance.

18. The rate of unemployment is significant across all levels of education: 24 percent of those leaving general secondary education and 27 percent of those leaving technical secondary education are unemployed. Twelve percent of those with higher education are unemployed, and one third of those with a diploma in TVET do not find a job.

19. In recognition of these systemic failures the GoG has developed a new legislative and regulatory framework to more effectively define the role of TVET in the wider education system and introduce a new Public Private Partnership (PPP) model for TVET delivery. The legislative and regulatory framework is guided by Act 21-2011, the Law of General Orientation for Education, Vocational Training and Research (Loi portant orientation generale de l'education, de la formation, et de la recherche), which defines the role of technical education, training and research, and outlines the basic principles, mission and academic organization of the education sector more generally. While the law is yet to be fully implemented, due to a lack of technical capacity, it is intended to enable a number of interventions to make TVET training more effective. The law, informed by international experience which shows that representation of the private sector on the boards of TVET institutions can play an important role in ensuring more effective management of centers, introduces PPPs as an innovative tool for empowering training institutions to more effectively respond to the shifting needs of the market. In January 2014 a new division of roles and responsibilities became effective in the TVET system: technical education is under the responsibility of the Ministry of Education (Ministere de l'Education National et de l'enseignement technique, MENET) and vocational education is now administered by the MFPIJ.

20. The proposed Skills Development Project (P146152) aims improve the effectiveness of vocational training, skills development and entrepreneurship programs in key growth sectors in Gabon. In addition to improving the vocational training system, Gabon will need to expand the availability of short-term informal training opportunities to improve the employability and skills of unemployed youth who have graduated and those who have not completed a full cycle of education. The project aims to support interventions for both groups.

## **II. Proposed Development Objectives**

The objective of the project is to improve effectiveness of vocational training, short term skills development, and entrepreneurship programs in key growth sectors in Gabon.

## **III. Project Description**

### **Component Name**

Component 1: Extension of Training Supply and Quality Improvement in TVET in key growth sectors

### **Comments (optional)**

This component aims at extending access and improving quality of training for youth in formal vocational training in order to meet the needs of key growth sectors with considerable employment potential. This objective will be reached through two sub-components: (i) support to two new vocational training centers including construction and a new pedagogical and management approach; and (ii) upgrading quality and realigning existing TVET institutions toward key growth sectors on a competitive basis.

**Component Name**

Component 2: Employability Development, Youth Integration and Entrepreneurship Promotion

**Comments (optional)**

This component is aimed at facilitating the integration of young people into the labor market by offering youth with different skill levels work experience, training, and entrepreneurship skills. The project would promote: (i) apprenticeship programs for youth with low educational attainment; (ii) internship programs for young graduates; and (iii) entrepreneurship training.

**Component Name**

Component 3: Institutional Capacity Support and Project Implementation

**Comments (optional)**

The purpose of this component is to strengthen the institutional capacity of the MFPIJ and executing agencies (including ONE) through technical capacity strengthening and creation of a mechanism for coordination and collaboration.

**IV. Financing (in USD Million)**

Total Project Cost:	100.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
<b>For Loans/Credits/Others</b>			<b>Amount</b>
Borrower			0.00
International Bank for Reconstruction and Development			100.00
Total			100.00

**V. Implementation**

21. Technical Steering Committee (TSC): Oversight of the project will be entrusted to the TSC, with the objective of ensuring that project activities address the needs of key economic sectors, and to ensure that implementation is aligned with the GoG's priorities and the needs of the private sector. The TSC will be chaired by the Minister of MSPIJ, or his designate, and supported by two vice presidents representing the private and public sectors, respectively. In addition to the MFPIJ, the public sector will be represented by the Ministry of Education; Ministry of the Budget; the Ministry of Economy, Sustainable Development, Investment Promotion and Planning; the Ministry of Digital Economy and Postal Services; and Ministry of Infrastructure, Public Works, and Land Management. The private sector will be represented by the following organizations: the Chamber of Commerce and Industry (CCI), the National Council of Employers (Confederation Patronale Gabonaise, CPG), and trade unions.

22. The TSC will: (i) provide overall policy and strategic guidance to the PCU; (ii) review and approve Annual Budgeted Action Plans (ABAP) prepared by the PCU, and ensure that agreed performance targets and timelines for activities are met for the effective implementation of the project's components; and (iii) proactively address critical issues that may arise with the potential to undermine effective project implementation. The TSC will meet quarterly to review progress and activity reports prepared by the PCU, and discuss the findings thereof with relevant stakeholders (e. g. public and private sector agencies, NGOs, other donors etc.). The TSC will monitor performance and coordinate with donors during reviews as well as serve as a forum to discuss implementation findings. The TSC will be a standing committee which means that any one of its members may call a meeting at any time. TSC members will receive regular progress reports on the implementation of

each component and bi-annual audit reports, and will be tasked with the coordination of bi-annual supervision missions.

23. The MFPIJ will be responsible for the overall management of the project. A new PCU under the responsibility of the MFPIJ will be created to handle day-to-day coordination and the financial management of the project. To ensure smooth project implementation, the PCU and other implementing agencies will enter into subsidiary agreements spelling out their respective tasks and responsibilities. The MFPIJ will be responsible for the implementation of components 1 and 2, in the PCU.

24. The PCU will be headed by a Coordinator who will serve as the link between the TSC and the MFPIJ. The PCU will be responsible for day-to-day project coordination and implementation including: (i) carrying out project financial management and procurement activities; (ii) preparing ABAPs; (iii) ensuring compliance with Safeguards Instruments; (iv) monitoring and evaluating project activities and preparing financial, monitoring and evaluation and progress reports; and (v) other such functions set forth in the manual of procedures.

## VI. Safeguard Policies (including public consultation)

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	<b>x</b>	
Natural Habitats OP/BP 4.04		<b>x</b>
Forests OP/BP 4.36		<b>x</b>
Pest Management OP 4.09		<b>x</b>
Physical Cultural Resources OP/BP 4.11	<b>x</b>	
Indigenous Peoples OP/BP 4.10		<b>x</b>
Involuntary Resettlement OP/BP 4.12	<b>x</b>	
Safety of Dams OP/BP 4.37		<b>x</b>
Projects on International Waterways OP/BP 7.50		<b>x</b>
Projects in Disputed Areas OP/BP 7.60		<b>x</b>

**Comments (optional)**

## VII. Contact point

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